

HOUSE BILL REPORT

HB 2494

As Reported by House Committee On: Local Government

Title: An act relating to establishing fair market property values by considering the growth management act.

Brief Description: Establishing fair market property values by considering the growth management act.

Sponsors: Representatives Kilmer, Lantz, Linville, Buri, Morrell, Green, Appleton, Rodne, Springer and Simpson.

Brief History:

Committee Activity:

Local Government: 1/16/06, 2/1/06 [DP].

Brief Summary of Bill

- Specifies that restrictions imposed by the Growth Management Act must be considered by the county assessor in establishing the fair market value of property.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan and Woods.

Minority Report: Do not pass. Signed by 1 member: Representative Takko.

Staff: Ethan Moreno (786-7386).

Background:

Property taxes are imposed by state and local governments and apply to the assessed value of all taxable property, which includes all real and personal property located within the state, unless specifically exempted. Real property includes land, structures, and certain equipment that is affixed to the structure. Personal property includes machinery, supplies, certain utility property, and items which are generally movable. The assessed value of most real property is determined by the county assessor.

All property must be valued at 100 percent of its true and fair value unless specifically provided otherwise by law. In addition to other statutory requirements, the true and fair value of real property for taxation purposes must be consistent with the comprehensive land use plan, development regulations under the Growth Management Act (GMA), zoning, and any other governmental policies or practices in effect at the time of appraisal that affect the use of property. An assessment may not be determined by a method that assumes a land usage not permitted under existing zoning or land use planning ordinances or statutes.

Enacted in 1990 and 1991, the GMA establishes a comprehensive land use planning framework for county and city governments in Washington. The GMA specifies numerous provisions for jurisdictions fully planning under the Act (planning jurisdictions) and establishes a reduced number of compliance requirements for all local governments.

Among other requirements, planning jurisdictions must adopt internally consistent comprehensive land use plans, which are generalized, coordinated land use policy statements of the governing body. Planning jurisdictions must also adopt development regulations that are consistent with and implement the comprehensive plan.

Summary of Bill:

County assessors must consider the restrictions imposed by the GMA in establishing the fair market value of property.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill adds clarification to existing provisions for county assessors by requiring that they consider restrictions imposed by the GMA when they establish property values. Given changes in land use policies, this clarification is necessary. This concept should be supported, even if this issue was addressed in language enacted in the 1990s. Many regulations that limit permitted activities on land have been enacted. This bill extends the same consideration required in the Shoreline Management Act to the GMA.

Testimony Against: This bill will place an unfunded mandate on local governments. County assessors do mass appraisals, not fee appraisals. This bill will require assessors to be familiar with all relevant provisions of the GMA. Assessments already consider the affects of the GMA through sales prices. This bill may create many opportunities for assessment challenges. The implications of this bill are broad, as regulations mandated by the GMA vary from county to county.

Persons Testifying: (In support) Representative Kilmer, prime sponsor; Dave Williams, Association of Washington Cities; and Terry Lee, Pierce County Council.

(Opposed) Robert Carlton; Patricia Costello, Thurston County Assessor; and Diane Dory, Lewis County Assessor.

Persons Signed In To Testify But Not Testifying: None.